

## Message Text

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C O N F I D E N T I A L USNATO 5684

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TAGS: ETEL, MARR, NATO

SUBJ: NICS FACES MAJOR PROBLEMS

REF: A. USNATO 5116; B. MCM-38-72

SUMMARY: THE NATO INTEGRATED COMMUNICATIONS SYSTEM (NICS) FACES MAJOR PROBLEMS WHICH THREATEN ITS FUTURE. THESE PROBLEMS RELATE TO BROADER POLICIES AND ISSUES NOT UNDER CONTROL OF THE COMMUNICATIONS COMMUNITY; AND ONLY DECISIONS BY SENIOR POLICY-MAKERS IN NATIONAL CAPITALS WILL PROVIDE THE NECESSARY SOLUTIONS. AS THE INITIATOR OF NICS, THE US MUST PROVIDE THE LEADERSHIP TO RESOLVE THESE PROBLEMS. WE PROPOSE A DPC INTERVENTION AS A FIRST STEP. END SUMMARY.

1. THE NATO INTEGRATED COMMUNICATIONS SYSTEM (NCIS) IS A MAJOR AND MUCH NEEDED NATO PROGRAM. THIS ESSENTIAL PROGRAM FACES MAJOR PROBLEMS WHICH THREATEN ITS FUTURE. AMONG THEM ARE:

A. SCHEDULE SLIPPAGE: IN DECEMBER 1972, THE NICS POLICY COMMITTEE, AFTER HAVING URGED AN EARLIER COMPLETION DATE, RELUCTANTLY ACCEPTED A SCHEDULE WHICH FORECAST IMPLEMENTATION OF THE NICS NODAL NETWORK BY 1980-81. THE LATEST NICS IM-  
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PLEMENTATION PROGRESS REPORT LENGTHENS, RATHER THAN SHORTENS, THE TIME SCHEDULES. THE REPORT PRESENTS A NEW, BUT PROBABLY REALISTIC THREE-STAGE IMPLEMENTATION PLAN. STAGE I INCLUDES THE PILOT SECURE VOICE PROGRAM (PSVP), THE TELEGRAPH AUTOMATIC

RELAY EQUIPMENT (TARE), AND THE INITIAL VOICE SWITCH NETWORK (IVSN) FUNCTIONING AS INDEPENDENT NETWORKS. NICSMA NOW PROJECTS COMPLETION OF THIS STAGE I AROUND 1980. STAGE II COMPRISES PROGRESSIVE INTEGRATION OF THESE THREE INDEPENDENT NETWORKS DURING THE PERIOD 1980-85. STAGE III IS EXPANSION OF NICS TO MEET THE FULL REQUIREMENTS OF ALL USERS, PLUS OTHER IMPROVEMENTS DURING THE 1985-90 PERIOD. THUS THE SCHEDULE FOR THE NODAL NETWORK HAS ALREADY SLIPPED BY MORE THAN FIVE YEARS TO 1985 OR BEYOND.

B. COST ESCALATION: IN OCTOBER 1973, NICSMA ESTIMATED THE COST OF THE "FIRST VIABLE INCREMENT" OF NICS TO BE IAU 80 MILLION (\$270M) AND THE TOTAL COST OF NICS TO BE IAU 151 MILLION (\$510M), NOT INCLUDING PRICE ESCALATION. NICSMA NOW ESTIMATES THE COST OF THE NEWLY DEFINED STAGE I (THE INDEPENDENT NETWORKS) TO BE AT LEAST IAU 110 MILLION (\$372M), AND THIS AMOUNT OMITTS SOME KNOWN BUT UN COSTED REQUIREMENTS. THUS, STAGE I, WHICH COMPARES IN CAPABILITY ROUGHLY TO THE "FIRST VIABLE INCREMENT" IDENTIFIED EARLIER, IS NOW LIKELY TO COST AT LEAST IAU 30 MILLION (\$101M) MORE THAN THE EARLIER ESTIMATE. STAGE II COSTS WILL EXCEED IAU 20 MILLION (\$68M). NICSMA HAS NOT ESTIMATE STAGE III COSTS YET. IN SUM, IT SEEMS FAIR TO ESTIMATE THAT COSTS ACROSS ALL THREE STAGES HAVE RISEN 40 TO 50 PER CENT IN ONE YEAR.

C. MANDATORY PRODUCTION-SHARING: THE DIRECTOR GENERAL OF NICSMA HAS CONCLUDED THAT THERE EXISTS A SERIOUS TREND TOWARD IMBALANCE IN PRODUCTION-SHARING. HE HAS RECOMMENDED MANDATORY PRODUCTION-SHARING ON THREE FORTHCOMING LARGE PROCUREMENTS (THE TARE, IVSN, AND SATCOM GROUND TERMINAL EQUIPMENT). THE US DISAGREED WITH THE DIRECTOR GENERAL'S CONCLUSION AND HIS RECOMMENDATION, BUT OTHER PARTICIPATING ALLIES, LED BY CANADA, AGREED. AFTER A PERIOD OF NEGOTIATION, THE US OFFERED TO ACCEPT MANDATORY SHARING AT A LEVEL LOWER THAN THAT WHICH THE DIRECTOR GENERAL PROPOSED,

BUT OUR ALLIES HELD TO THE HIGHER FIGURE. IN JULY 1974, THE DIRECTOR GENERAL INFORMED THE DEFENSE PLANNING COMMITTEE IN CONFIDENTIAL

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PERMREP SESSION OF THE PROBLEM. SUBSEQUENTLY, AT MISSION SUGGESTION, THE SECDEF SENT A LETTER TO THE MINISTER OF DEFENSE OF CANADA (MR. RICHARDSON) URGING THAT CANADA ACCEPT THE US

PROPOSAL. DESPITE HIGH, INTERMEDIATE AND LOW LEVEL EFFORTS, THE TOTAL IMPASSE PERSISTS. UNTIL THE ALLIES BREAK THE IMPASSE, NICSMA CANNOT PROCEED WITH THE THREE PROCUREMENTS, AND NICS IMPLEMENTATION REMAINS AT A STANDSTILL.

D. OPERATING PERSONNEL: MANNING THE NICS WILL REQUIRE APPROXIMATELY 1800 PERSONNEL. THE MAJOR NATO COMMANDS HAVE IDENTIFIED SOURCES FOR ABOUT HALF THIS NUMBER. (MOST ARE SPACES ALLOCATED TO OPERATING PRESENT COMMUNICATIONS SYSTEMS.) OTHER

ORGANIZATIONAL AND MANPOWER REVIEWS MAY YIELD ADDITIONAL SPACES, BUT CURRENT ANALYSES PROJECT AN ULTIMATE SHORTAGE. FURTHER, UNDER PRESENT CIRCUMSTANCES, A SHORTAGE IS ALMOST CERTAIN DURING THE EARLY IMPLEMENTATION OF NICS. PRESENT COMMUNICATIONS SYSTEMS CANNOT BE SHUT DOWN AND THEIR PERSONNEL TRANSFERRED TO NICS UNTIL NICS IS INSTALLED AND OPERATING. THUS, THE OLD AND THE NEW SYSTEMS MUST OPERATE CONCURRENTLY FOR A PERIOD OF TIME. DURING THIS OVERLAP, COMMUNICATIONS OPERATION REQUIRES MORE PEOPLE THAN PRESENT AUTHORIZATIONS PROVIDE. THE DPC ALLIES, AT MINISTERIAL LEVEL, HAVE RECOGNIZED THE NEED FOR NICS AND HAVE URGED ITS SPEEDY IMPLEMENTA-

TION. SO FAR, DEFENSE MINISTERS HAVE SUPPORTED IT FINANCIALLY. HOWEVER, NATIONAL REPRESENTATIVES TO NATO BODIES DEALING WITH MANPOWER HAVE CONSISTENTLY CONTINUED TO AVOID COMMITMENTS OF THE ADDITIONAL PERSONNEL REQUIRED TO MAN THE NICS. NATO AUTHORITIES AND ALLIED GOVERNMENTS SOON MUST IDENTIFY THE SOURCES OF THE REQUIRED ADDITIONAL PERSONNEL SO THAT INDIVIDUALS CAN BEGIN TRAINING ON SCHEDULE.

E. SATCOM CIRCUIT ENCRYPTION: THE SCHEDULED OPERATIONAL DATE FOR THE NATO SATCOM PHASE III IS MARCH 1976. THE INITIAL VOICE SWITCH NETWORK (IVSN) WILL DERIVE MUCH OF ITS TRUNKING FROM THIS SATELLITE. HOWEVER, THE MILITARY COMMITTEE (MC) IN MAY 1972 (REF B) PROHIBITED USE OF SATELLITE CIRCUITS FOR UNENCRYPTED COMMUNICATIONS EXCEPT FOR CIRCUITS OF SUCH NECESSITY THAT A MAJOR NATO COMMANDER (MNC) DECIDES THE VERY CONSIDERABLE SECURITY RISK TO BE JUSTIFIED. THIS PROHIBITION EFFECTIVELY PRE-CONFIDENTIAL

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CLUDES FULL USE OF THE PHASE III SATELLITE UNTIL TOTAL ENCRYPTION OF ITS CHANNELS IS AVAILABLE. THIS CAPABILITY IS SOME DISTANCE IN THE FUTURE. THE MNCs HAVE ASKED THE MC TO LIFT ITS PROHIBITION, BUT THE UK HAS OPPOSED THIS MOVE. THUS, IN THE WORST CASE, SATCOM III AND IVSN MAY BE IN PLACE BUT ONLY PARTIALLY USABLE. (PORTIONS OF THE IVSN SERVING THE FLANKS AND THE MARITIME COMMANDS SUFFER MOST IN THIS SITUATION. IN THE CENTRAL REGION, THE IVSN LARGELY WILL USE TERRESTRIAL CIRCUITS FOR TRUNKING.)

2. EACH OF THESE PROBLEMS RELATES TO OTHER ISSUES OF BROADER CONSEQUENCE. THE SCHEDULE AND COST PROBLEMS TEND IN GENERAL TO MAKE NICS A POLITICALLY UNPOPULAR PROGRAM. IN THE CURRENT ENVIRONMENT OF LIMITED RESOURCES, SENIOR ALLIED OFFICIALS SEEKING ALTERNATIVES TO INCREASED FUNDING FOR NICS MAY RECOMMEND REDUCING ITS SCOPE, TERMINATING IT BEFORE COMPLETION, OR CANCELLING IT COMPLETELY. THE PRODUCTION-SHARING PROBLEM STEMS FROM COMMERCIAL RIVALRY AND THE DESIRES OF EACH ALLY TO PROTECT AND ADVANCE ITS OWN NATIONAL INDUSTRY. THE NICS MANNING PROBLEM IS ROOTED IN SUCH ISSUES AS SHRINKING DEFENSE BUDGETS, THE SIZES OF NATIONAL ARMED FORCES, AND THE "TEETH-TO-TAIL" RATIO. FINALLY, THE PROBLEM OF SATCOM LINK ENCRYPTION HINGES ON THE BALANCE BETWEEN MILITARY SECURITY AND MILITARY OPERATIONAL NECESSITY.

3. THE COMMUNICATIONS COMMUNITY IN WASHINGTON AND OTHER ALLIED CAPITALS CANNOT SOLVE THESE MAJOR PROBLEMS FACING NICS. ONLY SENIOR POLICY-MAKERS IN ALLIED CAPITALS POSSESS THE AUTHORITY TO MAKE THE DECISIONS THAT WILL PROVIDE THE NECESSARY SOLUTIONS. HAVING PROPOSED NICS IN THE FIRST PLACE, THE US NOW SHOULD TAKE THE LEAD IN REHABILITATING ITS PROSPECTS. THE MISSION RECOMMENDS THAT THE US PROPOSE NICS PROBLEMS AS AN AGENDA ITEM FOR DECISION AT THE NEXT MINISTERIAL SESSION OF THE DPC IN DECEMBER 1974. IN MAKING THIS PROPOSAL, THE US SHOULD:

A. IDENTIFY THE MAJOR PROBLEMS OF NICS AND POINT OUT THAT THEY EXTEND BEYOND PURELY COMMUNICATIONS ISSUES.

B. REAFFIRM THE URGENT NEED FOR NICS AND THE CONTINUING WILLINGNESS OF THE US TO SUPPORT IT.

C. SUGGEST THAT THE ALLIES MAKE OFFSETTING CONCESSIONS ON AN EXCEPTIONAL BASIS TO SOLVE NICS PROBLEMS. FOR EXAMPLE, CONFIDENTIAL

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THE US MIGHT OFFER TO ACCEPT A SLIGHTLY HIGHER LEVEL OF MANDATORY PRODUCTION-SHARING THAT THE EUROPEAN ALLIES GUARANTEE TO MEET THE MANNING REQUIREMENTS OF NICS.

D. PROPOSE THAT NICSMA, ON AN EXPEDITED BASIS, CONTRACT WITH COMPETENT INDIVIDUALS TO REVIEW NICS SYSTEM ENGINEERING AND IMPLEMENTATION. THIS REVIEW SHOULD EITHER CONFIRM THE PRESENT ENGINEERING AND IMPLEMENTATION PLANS OR PROPOSE PRACTICABLE AND ACHIEVABLE ALTERNATIVES.

4. ACTION REQUESTED: MISSION REQUESTS WASHINGTON COMMENTS AND GUIDANCE. RUMSFELD

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